A Report on

Health Care Roundtable Community Discussions

Facilitated by
Montana Insurance Commissioner John Morrison

Great Falls Kalispell Missoula Glendive Billings Bozeman Butte Helena

October 2001 – January 2002

A Report on Eight Community Roundtable Discussions
On Affordable Health Care

February 2002

INTRODUCTION

State Auditor John Morrison, who serves as Montana's Insurance Commissioner, held community roundtable discussions seeking public comment on ways policymakers can improve access to affordable health care in Montana. From October 2001 through January 2002, he held discussions in eight Montana towns: Great Falls, Kalispell, Missoula, Glendive, Billings, Bozeman, Butte and Helena.

The purpose of the roundtable discussions was to obtain public comment on the problems with accessing affordable health care and policy suggestions for improving health care coverage for Montanans. This public comment is being provided to Montana's congressional delegation, the Governor, and the legislature's interim committee studying health care and health insurance costs, to facilitate the work of these policymakers on improving the health care system in Montana. Finally, the results of these discussions have been valuable to State Auditor John Morrison in the development of his policy proposals to improve access to affordable health insurance for Montanans. Participants in the roundtable discussions were encouraged to continue local discussions on this complex topic and further communicate with policymakers on issues that need to be addressed and potential solutions.

This report summarizes the individual written responses to a questionnaire and other comments submitted to the State Auditor's Office related to the roundtable events. The report also attempts to highlight significant aspects of the group discussions held in each community. Obviously, the opinions expressed in this report cannot be construed as representing a majority of Montanans or even a scientifically representative selection of Montanans, as is the goal of focus groups. The report contains comments and opinions of Montanans who care deeply about our health care system and were interested in participating in Insurance Commissioner Morrison's open invitation to attend community roundtable discussions and/or submit written comment.

All participants and others who could not attend the roundtable discussions were given a questionnaire to provide written comment. Copies of all questionnaires have been provided to policymakers. Additional copies of this report are available by contacting the State Auditor's Office at 406-444-2040 or 1-800-332-6148 or at www.discoveringmontana.com/sao.

THE PROBLEM IN MONTANA

Montanans are very concerned about affordable health care coverage. Those with coverage fear they will have to drop it. They are concerned that the cost of premiums and out-of-pocket expenses, especially for a catastrophic health condition, is beyond their income. Employers struggle with huge increases in premiums, benefit cuts and worried employees. Those without health care coverage, nearly one in five Montanans, live with the fear or reality of a health problem forcing them into bankruptcy or huge debt. Today, medical expenses are the leading reason for family debt and bankruptcy.[1]

Today, 18.5 percent or about 165,000 Montanans lack health care coverage. Montana's uninsured rate has increased steadily from 12.7 percent in 1995 to 19.6 percent in 1998. It decreased to 17.8 percent in 1999, likely due to the Children's Health Insurance Plan and a somewhat stronger economy. The uninsured rate turned upward again in 2000, increasing to 18.5 percent.[2]

Research has documented that people without insurance delay caring for health conditions until problems become acute and much more expensive.[3] Montana hospitals estimate that they will write off more than $100 million in charity and bad debt health care expenses for 2001.[4] Although there is no dollar estimate, Montana doctors, nurses and other health care providers do not get compensated for a portion of their work. Most of the cost of this uncompensated care is passed on to those who have health coverage, especially private insurance, through higher provider charges and ultimately, in higher insurance premiums.

Most (86 percent) of the uninsured in Montana are employed workers and their families.[5] Twenty-nine percent of the uninsured are children[6] and 39 percent of the non-elderly population who lack health insurance also live in poverty.[7]

A prevalence of small businesses and low wages are key reasons for Montana's high uninsured rate. Thirty-four percent (compared with 19 percent nationally) of our workforce is employed by businesses with 20 or fewer employees.[8] Small businesses pay significantly more for health insurance than large groups. Most of Montana's small businesses are unable to offer health benefits to employees, and are even less likely to offer benefits to spouses and children. Montana's median income, about 20 percent below the national average,[9] makes it difficult for many people to buy individual coverage or pay the employee share of insuring themselves and their dependents.

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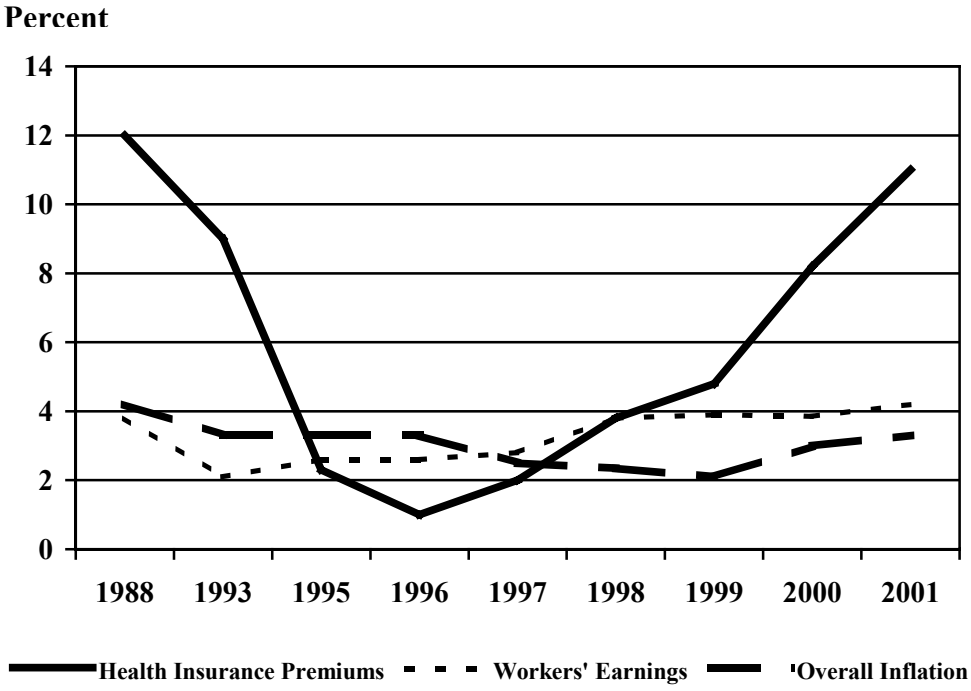
[1] "Prospects of Expanding Health Insurance Coverage", New England Journal of Medicine, March 15, 2001.
[2] Uninsured data from U.S. Census.
[3] "Prospects of Expanding Health Insurance Coverage", New England Journal of Medicine, March 15, 2001.
[4] Estimate provided by the Montana Hospital Association.
[5] Kaiser Family Foundation website, www.kff.org.
[6] Calculation based on data obtained through Kaiser Family Foundation website, www.statehealthfacts.kff.org.
[7] Kaiser Family Foundation website, www.statehealthfacts.kff.org.
[8] Small Business Administration, www.sba.gov.
[9] Calculated from U.S. Census data.

Last year, Americans received the largest increases in their health insurance premiums since 1992.[10] Premium increases were three times the inflation rate and far outpaced wage gains for most workers.[11] This fairly sudden return of large premium increases has employers and health plan administrators scared.

National Health Insurance Premium Increases Compared with Other Indicators, 1998-2001



SOURCES: Kaiser/Health Research and Education Trust Survey of Employer-Sponsored Health Benefits, 1999, 2000, 2001; KPMG Survey of Employer-Sponsored Health Benefits, 1988, 1993, 1995, 1996, 1997 and 1998-2001; and Bureau of Labor Statistics, 2001.
NOTES: Estimate is statistically different from the previous year for 1997-1998, 1998-1999, 1999-2000 and 2000-2001 ($p<.05$). No tests were done on years prior to 1997 or for workers' earnings or overall inflation. Sample included firms with 200 or more workers.

To determine how the public perceives this problem and its potential solutions, Insurance Commissioner Morrison held roundtable discussions across the state.

[10] "Job-Based Health Insurance In 2001: Inflation Hits Double Digits, Managed Care Retreats", Gabel, Levitt, Pickreign, et. al., Health Affairs.
[11] Ibid.

HEALTH CARE ROUNDTABLE DISCUSSION FORMAT

Roundtable discussions in eight Montana communities were held in public locations from 6:30 p.m. to 8:30 p.m. (See attachments for a list of locations and meeting dates.) E-mail and standard mail notices were sent to more than 1,000 people and recipients were encouraged to distribute the notice to others. Daily and weekly papers published announcements of the meetings.

Following an introduction by Commissioner Morrison that covered basic facts about health care coverage, participants divided into groups of 10 to 15 people. The small group discussions were facilitated by Insurance Department staff or other designated people. For an hour or more, the groups discussed problems and potential solutions for improving access to affordable health care and health care coverage. In the remaining time, a representative from each group reported on highlights of their discussions to the whole group. Commissioner Morrison facilitated a discussion with all participants on some of the issues reported. Participants were encouraged to return the questionnaire or submit written comments.

PARTICIPATION

The high number of roundtable attendees and questionnaire responses illustrates the strong concern Montanans have about their health care system. The chart below lists attendance numbers for the evening discussions and the number of additional people who responded to questionnaires.

Community	Attendance	Additional Respondents
GREAT FALLS	41	8
KALISPELL	49	8
MISSOULA	76	12
GLENDIVE	34	4
BILLINGS	69	11
BUTTE	37	12
BOZEMAN	41	12
HELENA	50	9
TOTAL	397	76

Total Participation: 473

* Not everyone who attended the roundtable discussions submitted a written response to the questionnaire.

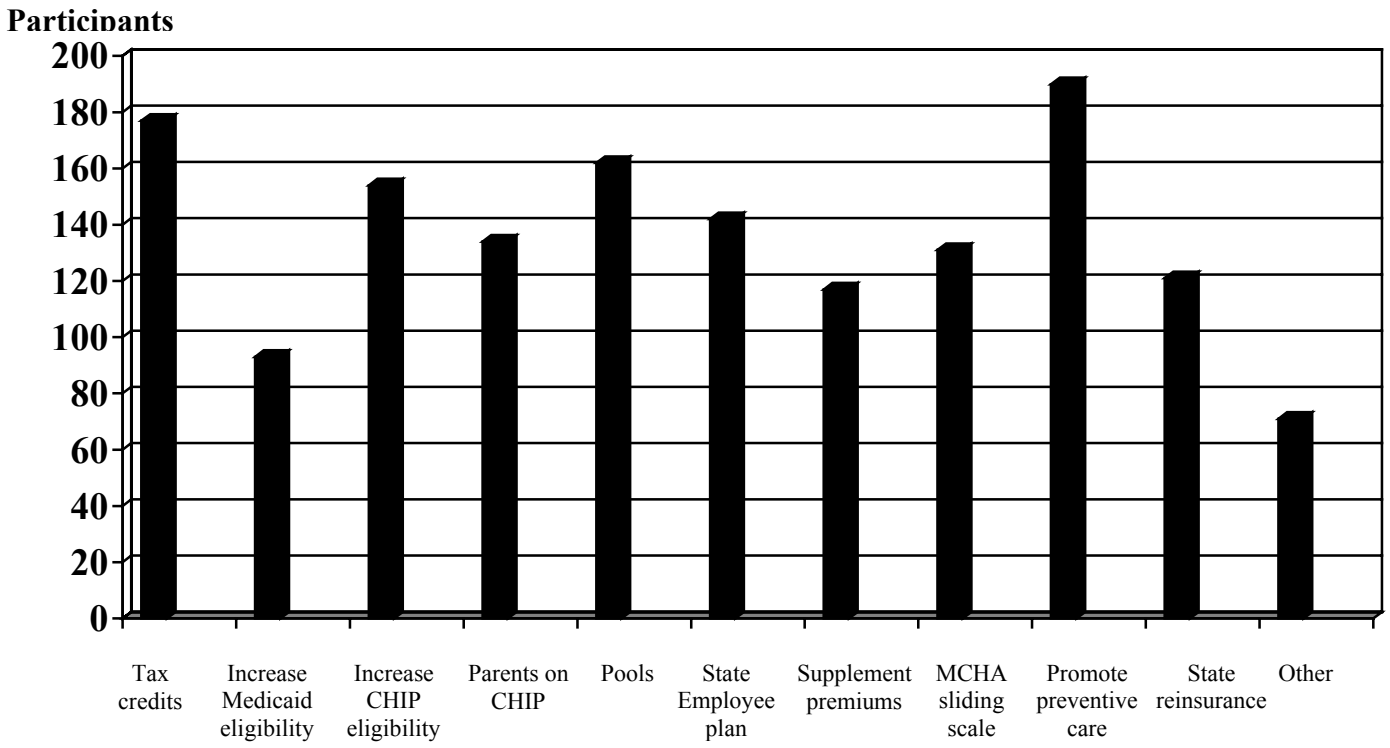
The occupational background of participants varied and included health insurance agents, doctors, nurses, pharmacists, other health care providers, students, hospital administrators, teachers, school district administrators and trustees, city and county commissioners, school and local government health plan personnel, mayors, small-business owners, business executives, uninsured workers, self-employed individuals, parents of children on CHIP, Medicaid administrators and enrollees, retirees, insurance company executives, county health officers, the director of Public Health and Human Services, Governor's office staff, representatives from our congressional offices and more than 30 state legislators. Insurance and health care professionals were well represented due to their personal and professional interests.

TABULATION OF RESPONSES TO QUESTIONNAIRE

Two hundred and eighty-seven people submitted responses to the questionnaire. The questionnaire has a number of purposes, the most obvious being to gauge people's support for specific policy solution proposals. Its primary purpose is to provide an opportunity for individuals to give written comment and therefore contains six open-ended questions allowing respondents to provide their own ideas. The questionnaire also provided a structure for the roundtable meetings and potential topics for discussion.

The chart on page 6 summarizes responses to the questions that are not open ended. The responses to open-ended questions are included in the summary of meeting discussions following the chart.

Questionnaire Results	Billings/ Glendive	Butte/ Bozeman	Great Falls	Helena	Missoula/ Kalispell	Total
Number of Respondents	54	77	33	33	90	287
Is finding affordable health care difficult?						
Yes	15	44	14	18	53	144
No	20	16	13	12	33	94
Have you ever been without health insurance?						
Yes	10	27	11	15	41	104
No	28	38	16	15	40	137
Which ideas do you support for making health insurance more affordable?						
▪ Refundable tax credits for businesses	25	45	19	23	65	177
▪ Increase Medicaid eligibility	13	22	6	11	41	93
▪ Increase CHIP eligibility for children	22	37	17	23	55	154
▪ Allow parents to be eligible for CHIP	18	33	16	17	50	134
▪ Purchasing pools and cooperative agreements	21	48	15	23	55	162
▪ Allow school districts and local governments to be part of the state employee plan	17	40	23	16	46	142
▪ Supplement premiums for low-wage workers in small businesses	16	29	14	12	46	117
▪ MCHA sliding scale	14	38	16	14	49	131
▪ Promote preventive care	24	50	22	23	71	190
▪ State reinsurance program for catastrophic losses	19	35	13	13	41	121
▪ Other	5	14	6	14	32	71
Which funding sources are appropriate?						
▪ State general fund	9	28	11	8	36	92
▪ Increased tobacco tax	22	41	14	23	58	158
▪ Tobacco settlement funds	25	50	19	21	65	180
▪ Federal funds	19	34	14	14	37	118
▪ Other	2	14	10	13	21	60



SUMMARY OF ROUNDTABLE DISCUSSIONS

People attending the community meetings actively contributed to discussions in both the small and large group format. Most participants stayed beyond the scheduled two hours. A broad perspective of views was represented at the meetings. In general, there was consensus that a significant problem exists in terms of access to affordable health care and health care coverage for all Montanans. Participants identified many problems contributing to the high cost of health insurance and health care and potential ways to address those problems.

This report summarizes the discussions, but obviously is not inclusive of every point made. Policymakers have been provided a copy of all written responses. This report does not attempt to debate the validity of the public's perception of problems or potential solutions for Montana's health care system.

A. PROBLEMS

The following comments were made during the roundtable discussions and on the questionnaire. Listed in no particular order of importance are problems commonly perceived by some or most participants.

- **The high cost of insurance coverage and increased expenditure for health care services is a widespread problem.** Small businesses, small school districts and

individuals are concerned about large premium increases and finding coverage at affordable rates. Large employer plans are experiencing a significant increase in claims and are focusing on cutting benefits and/or increasing employees' share of the costs. Participants said that some people are experiencing "sky rocketing" costs and perceive this as a "crisis."

- **Increased use of services, particularly due to our aging population, has increased the cost of coverage.** Many people noted that the demographics in Montana are shifting, with an increasing number of older citizens who need more medical care. In general, participants familiar with health plan trends said that insured consumers are using more services and prescription drugs.

- **New, advanced procedures and prescription drugs are expensive and increase the cost of insurance.** Participants acknowledged that advances in medicine - new technology, more effective drugs and cutting-edge procedures – come with a hefty price tag. Some participants criticized the public's high expectations and "entitlement mentality" that health coverage should always pay for the most advanced care, regardless of cost. Others noted that some advances save money. Some people felt that expensive technology is overused. Others criticized pharmaceutical companies use of aggressive, billion-dollar marketing campaigns for expensive new drugs, which increase consumer demand.

- **Costs are shifted from the uninsured who cannot afford to pay for all their services, to providers, and in turn, insured consumers.** Hospital administrators and other providers said that bad debt and charity care are a significant portion of their budgets. These uncompensated costs result in higher charges to those who can pay.

- **Cost shifting from low Medicare and Medicaid reimbursement rates is a big concern of providers.** Hospitals and providers complain that Medicaid and Medicare reimbursement rates are too low, don't cover costs and result in cost shifting.

- **Overuse of emergency room services, especially by those who do not have access to affordable primary care drives costs upward.** Participants commonly said they believe that people who lack primary care wind up in emergency rooms, especially if they don't receive treatment for their conditions in the early stages and their problems become acute.

- **Small-employer and individual insurance coverage is more expensive than large-group coverage and too expensive for many people.** Concerned insurance agents, small business owners and individuals voiced their concerns about unaffordable premiums. Agents noted difficulties in selling small-group coverage because of its high cost. Individuals, especially early retirees ages 50 to 65, often cannot afford premiums. However, high-deductible plans are available to people

without significant health problems. Some individuals complained that insurers only want to cover healthy people and avoid risk.

- **There are a limited number of insurance carriers in our market.** Insurance agents and others said that there were not enough carriers in our market and that more competition would be helpful. It was noted that Montana has less than .3 percent of the national market and our sparse population doesn't attract carriers. Companies ceasing to do business in Montana are withdrawing from numerous other states as well.

- **The Medicaid application is too complicated.** People involved with the Medicaid system said the complicated application is a barrier to getting Medicaid coverage. In general, participants noted that the Medicaid system is too complicated.

- **CHIP eligibility has a cliff.** Parents and those who are involved with CHIP said that eligibility ends abruptly at a specified income. Parents said that above the eligibility income they could start to pay a portion of the coverage and would like the opportunity to buy into the plan, rather than have no coverage for their kids. CHIP coverage is well liked by participants who spoke about the program.

- **Too many regulations and mandated insurance benefits drive costs.** Insurance company representatives and agents said that too many regulations and mandated benefits added to the cost of coverage. Blue Cross and Blue Shield representatives said that mandated benefits add $12.70 a month to a person's premium.

- **A lack of providers and the cost of infrastructure are hard on the rural health care community.** A shortage of providers, particularly mental health workers, is a great concern of rural residents who attended the discussions. Folks in northeastern Montana are having difficulty recruiting nurses. Some participants discussed the expense of supporting rural facilities.

- **Consumers are not knowledgeable enough about the cost and use of health care services. Consumers lack information on costs and how to manage chronic diseases in the least costly way.** Participants said that consumers lack access to enough information, especially regarding cost of care and the incentive to better manage the costs of their care. Some people thought that consumers should shoulder more of the cost of care, which would make them less wasteful. Others felt that shifting more of the cost burden to consumers would cause them to delay care until problems become acute and more expensive. Many participants said the public lacks information and resources to effectively manage chronic diseases and expensive end-of-life care.

- **Medical liability adds to costs.** Some participants said that providers perform unnecessary procedures out of fear of potential medical liability.

- **Small and medium-size school districts and local governments are having a difficult time finding affordable coverage.** School district employees, trustees and administrators were vocal about the high cost of health coverage, which has been a bigger focus than employee pay. Large school districts are able to cover teachers and their families for much less than small districts, where employees sometimes must pay $500 out-of-pocket to add coverage for their families. Local governments have similar difficulties.

- **COBRA coverage is too expensive.** Laid-off workers and those leaving jobs complained that continuing to pay COBRA premiums for coverage through their former employer is unaffordable in many situations.

- **Unhealthy lifestyles and behaviors add cost to health care.** Smoking, excessive consumption of alcohol and drugs, lack of exercise and poor diet were on the list of unhealthy behaviors that add to the cost of health care. Consumers, especially the young, need more education and incentives to adopt healthy lifestyle habits.

- **The uninsured and consumers who are not part of provider networks get charged the most.** The uninsured and people seeing providers who are not part of networks are charged the highest rates, with some exceptions. These consumers cannot take advantage of discounted network rates and often are charged full price.

- **The medical ethic to prolong life at all cost inflates insurance rates.** Some participants discussed this.

- **The insurance reimbursement system is far too complicated for providers and consumers.** This was a general complaint.

B. POLICY SOLUTIONS

The following list summarizes commonly identified policy solutions discussed by participants. It includes other ideas suggested by one person or a few people.

- **Provide access to large-group purchasing arrangements (purchasing pools) for individuals, small-employer groups and prescription drugs.** Individuals and small groups would like the advantages of large-group coverage and purchasing discounts for drugs. Many participants suggested that purchasing pools for individuals and small groups should be created.

- **Provide tax credits to individuals and small businesses.** Participants supported the idea of a tax credit so long as it is meaningful and helps cover a significant portion of the premium. Agents thought it would be a good sales tool to encourage employers to buy coverage. (The existing tax credit and deductibility is small and rarely helps people, benefit advisors said.)

- **Create a statewide basic health plan.** Some people said that the state should direct its resources toward leveraging federal funds to create a basic health plan available to all Montanans.

- **Give consumers more information on the costs of health care.** Consumers would like better access to learning the cost of care, particularly for "comparison shopping," and they suggested that providers become more cost conscience and better advisors about the costs of procedures and drugs.

- **Provide more consumer education and resources directed at caring for health conditions in the least costly way.** Providers suggested that the management of chronic diseases such as diabetes and asthma could prevent the costly care individuals might need if their conditions become serious. Others agreed that more education and resources should be devoted to helping people manage not only chronic conditions, but all kinds of health problems.

- **Maximize federal funds. Make full use of Medicaid and CHIP funds.** A popular suggestion was for the state to maximize its financial support from federal sources. Making use of more CHIP funds and seeking other federal funds for state-designed health programs is more popular than expanding Medicaid, according to many participants. Others said that the Medicaid system more efficiently spends our health care dollars through fixed provider rates and lower administrative costs than CHIP.

- **Expand CHIP access to include more kids and parents.** People familiar with CHIP, including parents with children on CHIP, like this insurance program and recommend that parents be allowed to buy in at affordable rates. They also recommended that instead of dropping kids from the program at the current eligibility limit, parents be allowed to pay something toward the cost of the premium for their kids to be covered at higher income levels.

- **Increase Medicare and Medicaid provider reimbursements to stop cost shifting.** This was recommended by providers, hospitals and others.

- **Strengthen the economy.** Participants acknowledged that a stronger state economy would help businesses and individuals afford coverage. Some people said that strengthening the economy is the key to reducing the uninsured rate. Others were concerned that state initiatives to address affordable coverage are necessary in addition to economic development efforts.

- **Allow school districts and local government employees access to a statewide health benefit plan.** Montanans associated with school district plans favored having access to a statewide plan to help small and medium-size districts reduce and control costs.

- **Make a low-cost basic health plan available to all Montanans.** Many participants favored the idea of developing a basic health plan available to all Montanans with rates dependent on income. Some people suggested looking at the Washington Basic Health Plan model.

- **The Canadian system – good and bad.** There were strong opinions about the Canadian system on both sides of the issue. Some people strongly recommended it as a system that guarantees access to affordable care for all. Others said that it is a system fraught with long waits, sub-quality care and generally is not good.

- **Decrease regulation and reduce the number of mandated benefits.** Insurers and their agents suggested that government do whatever it can to decrease regulation and reduce the number of mandated benefits. At the very least, the government should not impose additional regulations, some said.

- **Create a national health care system.** A number of participants advocated a national health care system. Some said they believe that the current system soon will fail.

- **There is no quick fix, but policymakers should take some significant steps to address the issue.** Many people recognize the complexity of this issue and acknowledge that there is no single solution or "quick fix." A long-term commitment to addressing the problem is necessary because this issue is so complex. However, there is a sense of urgency and a desire for policymakers to take some big steps as soon as possible.

Other suggestions:

- The state should set a policy goal of health care coverage for everyone.
- The state should help insurance companies cover very large losses in small group plans to help reduce premiums.
- Do more to prevent medical fraud.
- Prioritize and limit services that public programs pay for (as Oregon did) and expand coverage to more people.
- The Federal Medical Savings Account law should be changed to allow both employees and employers to contribute to a Medical Savings Account.
- Prohibit insurers from rejecting people for any kind of health coverage.
- Providers should charge only one rate for a service.
- Ireland has a health care system that we should model.
- We need more federal- and state-funded health clinics for primary care.
- Ban or limit advertising of pharmaceutical drugs.
- Allow low-income seniors to get drugs at Medicaid rates.
- Establish community-organized primary care systems.
- Foster more support for the public health system.
- We need oversight of hospital rates.
- Fund tobacco-use prevention programs.

- We need more commitment from the legislature and state leaders to address health care problems.
- Develop a Certificate of Need program to determine the cost effectiveness of hospital facility expansion.
- Require everyone to carry a minimum level of insurance.

HEALTH CARE EXPANSION FUNDING SUGGESTIONS

Participants generally favored leveraging more federal funds and encouraging the federal government to help fund more state-designed health programs such as CHIP. They strongly favored increasing the tobacco tax. (In a straw pool at the Helena meeting no one opposed a tobacco tax increase if used for health care.) The tobacco settlement funds and interest from its trust were viewed as good funding sources. Other funding source suggestions included a provider tax, an alcohol tax and a sales tax.

CONCLUSIONS

The Montanans participating in theses roundtable discussions are very concerned about the affordability of health care coverage and the potential for this problem to worsen in the immediate future. For some, a crisis already exists, leading individuals and employers to consider dropping coverage or reducing benefits.

Participants clearly recommended that policymakers immediately implement some bold measures to address the issue. They acknowledged the complexity of the problem and that there are no "quick fixes," but they want action now. Therefore, policymakers at both the state and federal level need to pass initiatives in their next sessions to address affordability of health care coverage and a reduction in the number of uninsured.

State Auditor John Morrison appreciates the time and concern of all individuals who participated in the roundtable discussions and provided written comment. This information has been useful to him and should be helpful to policymakers in their work to improve access to affordable health care coverage. On Feb. 14, 2002, State Auditor Morrison presented to the SJ22 legislative committee on Health Care and Health Insurance his priorities for state policy initiatives to address Montana's high uninsured rate and the escalading cost of insurance coverage.